

# BUDGET LETTER

<b>SUBJECT:</b> CHANGES TO CERTAIN GENERAL STATEWIDE SECTIONS	<b>NUMBER:</b> 19-21
<b>REFERENCES:</b> 2019 BUDGET ACT (CHAPTERS 23 AND 55, STATUTES OF 2019)	<b>DATE ISSUED:</b> August 2, 2019
	<b>SUPERSEDES:</b> BL 18-25

TO: Agency Secretaries  
Department Directors  
Departmental Budget and Accounting Officers  
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

The 2019 Budget Act contains changes to some general statewide sections that may affect various departments. The sections that have been added, substantially amended, or removed are described below:

**Removed: SECTION 3.63—Minimum Wage Contract Impact**

Section 3.63 has been removed from the 2019 Budget Act. This section authorized Finance to augment departments' budgets to fund increases in costs of personal services contracts impacted by the minimum wage increase. Department requests for additional funding to pay for personal services contracts that are increasing due to minimum wage growth will be evaluated through the standard budget change proposal process.

**New: SECTION 4.72—Electric Vehicle Charging Infrastructure**

Section 4.72 authorizes the Department of Finance to adjust appropriations, as it deems necessary, to reimburse the Department of General Services for activities related to engineering assessments and electric vehicle charging infrastructure at state facilities. Finance budget analysts will contact the affected department for budget item and program information to implement this control section.

**New: SECTION 5.00—Department of Justice Legal Services Rates**

The Department of Justice is in the process of raising their legal services rates for the 2019-20 fiscal year. Section 5.00 authorizes the Department of Finance to adjust any department's appropriation to cover increased costs to reimburse the Department of Justice for legal services resulting from the higher rates. Specific instructions to facilitate the implementation of this control section will be issued in a subsequent Budget Letter.

**Removed: SECTION 6.10—Statewide Deferred Maintenance**

Section 6.10 of the 2018 Budget Act which allocated \$300 million General Fund for deferred maintenance projects statewide, was eliminated. The 2019 Budget Act allocated deferred maintenance funding to individual department budgets.

**Updated: SECTION 8.88—Financial Information System for California Project Costs**

Section 8.88 previously allowed the Department of Finance to assess various special and non-governmental cost funds to fund the Financial Information System for California (FI\$Cal) Project based on the approved interim cost allocation plan. The interim cost allocation plan specified the share of project costs to be supported by the General Fund, special funds, and non-governmental cost funds for the remainder of the project. Section 8.88 of the Budget Act of 2019 appropriates \$2.1 million General Fund to those various special and non-governmental cost funds that were previously assessed to fund the project in order to reconcile actual assessments with the interim cost allocation plan. The enacted budget display for the Department of FI\$Cal lists the funds that will be impacted by this control section. The Department of Finance will submit an Executive Order to the State Controller's Office prior to January 1, 2020 to implement this control section.

**Removed: SECTION 12.45—Payroll Deferral**

Section 12.45 has been removed from the 2019 Budget Act. This section authorized the state to defer payroll, benefits, health care costs, and other salary-driven benefits for the month of June to July to the next fiscal year. The 2019 Budget Act included funding to pay down the June-to-July Payroll Deferral in Fiscal Year 2018-19 and eliminate the need to defer June 2019 payroll.

**Updated: SECTION 31.00—Salary Threshold for Position Reclassification**

Section 31.00 of the annual Budget Act provides authority to administratively establish and reclassify positions within an existing appropriation, subject to specified criteria. Section 31.00 sets the salary threshold for position reclassifications that require Finance's review. The salary threshold has been increased to \$11,258 per month in the 2019 Budget Act, effective July 1, 2019. The salary is consistent with the maximum salary of the newly established Information Technology Manager II classification.

If you have any questions regarding these changes, please call your Finance budget analyst.

/s/ Richard Gillihan

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Chief Operating Officer